

CHAPTER 16 — TERMINATION OF GROUP INSURANCE COVERAGE

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1600 Date of Termination of Employee Coverage

Group life insurance coverage on the employee's life will terminate on the earliest of the following:

- The last day of the calendar month following the month in which the employee terminated employment from the employer, including paid leave, unless the employee qualified for a disability premium waiver (refer to Chapter 14) or qualified and applied to continue group insurance coverage after termination (refer to Subchapter 1603).
- Thirty days after the date of expiration of an authorized leave or layoff during which the employee continued coverage by paying premiums in advance if the employee does not go back to work.
- The last day of the month following the month in which the employee cancels coverage by filing a *Life Insurance Application/Cancellation/Refusal* (ET-2304) with the employer.
- The last day for which premiums were paid, when an employee lets coverage lapse. This most often applies to an employee who is continuing coverage during an unpaid leave, layoff, or discharge appeal.

- At the end of 60 days, when an insured employee who is receiving earnings fails to pay premiums. The 60-day period begins at the end of the last month for which premiums were paid.
- The date a disability waiver of premium is terminated because of the employee's recovery or failure to provide medical certification.
- The date on which the employer's participation is discontinued by action of the governing body of a local government employer, the Department, or the Group Insurance Board. This does not apply to former employees who have continued coverage after termination or during periods of disability.
- The date the employee turns age 70 (except Basic coverage at the final reduced amount and Age 70 and Over Additional).
- For Age 70 and Over Additional coverage only, the date the employee terminates employment.

Note: See Subchapter 1612 for a Quick Reference chart on Termination Dates.

1601 Date of Termination of Spouse and Dependent Coverage

Spouse and Dependent coverage ceases on the earliest of:

- The end of the month following the month in which the employee terminates employment.
- The date the employee reaches the insurance reduction age (usually age 65) if the employee's premiums have been waived due to disability.
- The date the employee's coverage ceases as provided Subchapter 1600.
- Ninety days after the employee dies.
- For a spouse, on the date a divorce decree is entered.
- For a child, the earliest of the end of the calendar year in which the child:
 - Reaches age 19 if not a full-time student, or
 - Reaches age 25 if a full-time student, or
 - Is over age 19 and ceases to be a full-time student, or
 - Is no longer dependent on the employee for at least 50% of support or maintenance.
- For a child who marries, the end of the calendar month in which the child marries.
- For a child who is incapable of self-support due to a long-term physical or mental disability, the date the disability ceases or the date of marriage, whichever is earlier, regardless of age or student status.

1602 Termination of Coverage for Active Employees Who Reach Age 70

Supplemental, Additional, Accidental Death and Dismemberment and Spouse and Dependent coverages cease when an insured active employee reaches age 70. Basic coverage automatically continues at a reduced amount. For many local government employers, the final reduced amount is 25% of the employee's Basic coverage amount at the time the employee reached age 70. See Subchapters 300 and 906.

The employee may apply for Age 70 and Over Additional coverage if the employer offers the Additional plan. Refer to Subchapters 302 and 406.

If the employee has Spouse and Dependent coverage, the employee's spouse and/or dependent may convert to an individual policy. Refer to Subchapter 1611.

1603 Eligibility to Continue Group Life Insurance After Employment Terminates

A. To be eligible to continue group life insurance after termination, the employee must have:

1. WRS coverage prior to 1990 (without taking a separation benefit for this period of service

OR

2. At least one month of life insurance coverage in each of five calendar years after 1989.

AND

B. One of the following:

1. The employee is receiving an immediate WRS annuity or has met all of the requirements except the filing of an application; **OR**
2. Has 20 years of service comprised of years of WRS creditable service earned prior to 1/1/1990 plus years of group life insurance coverage after 1989; **OR**
3. Has 20 years of service, including part-time and/or non-WRS-covered service with the employer from which the employee is terminating.

NOTE: Private Pension Plan Participants--Private pension employers (Wisconsin public employers who do not participate in the WRS) must certify that the employee has at least 20 years under their retirement plan. The *Employee/Employer Certification* (ET-4620) serves as the employee's application for continued group coverage as well as the employer's certification of insurance coverage and years of service. This form is available from ETF.

1604 Employer Responsibilities When an Employee Terminates Employment

NOTE: Special options may be available to employees who are terminating because of disability. Refer to Chapter 14.

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It is the employer's responsibility to:

- A. Identify when the last premium payment is due.
- B. Inform the employee of the date life insurance coverage will end.
- C. Refund any overpayments.
- D. Inform the employee of options for continuing or converting life insurance coverage and provide the proper application form.

Employee Conditions at the time of Termination	Conversion or Continuation	Subchapter for Details	Forms
1. Insured less than six continuous full months at the time coverage ends.	Neither	1603 & 1611	None
2. Insured for six or more continuous months at the time coverage ends; <u>qualifies</u> for group coverage.	Continuation	1603 & 1609	ET-2154
3. Insured for six or more continuous months at the time coverage ends; <u>does not</u> qualify for group coverage.	Conversion	1611	ET-2306
4. Under age 70 having spouse and dependent coverage in force prior to termination for at least six months.	Conversion (Spouse & Dependent Coverage)	1611	ET-2306
5. Individuals too young to retire but qualifying for group life coverage after termination.	Continuation	1603 & 1609	ET-2154
6. Individuals at retirement age choosing to defer retirement benefits and qualifying for group life coverage after termination.	Continuation	1603 & 1609	ET-2154
7. Individuals choosing to begin a WRS annuity or lump sum payment within 31 days of qualifying for continued coverage.	Continuation	1606 1607 & 1608	ET-4802 (Completed by ETF)

1605 Employer Responsibilities When An Employee Is Considering Retirement

If you are aware that an employee is considering retirement:

- A. Advise the employee to contact ETF at least six to twelve months before the planned retirement date. ETF will send the employee a retirement packet including a brochure entitled *Your Group Life Insurance When You Retire* (ET-4104). An evaluation of the employee's eligibility to continue insurance will be included.

- B. Inform the employee to consider the impact their retirement date may have on qualifying for insurance continuation.
- The employee may qualify for insurance continuation, which otherwise would not be available, by working until he/she:
 1. Meets the 20-year requirement, **OR**
 2. Reaches minimum retirement age. (Minimum retirement age is age 50 for protective or age 55 for teachers, general, educational support personnel, elected, and executive employees.) (Wis. Stat. §40.72(4)).
 - The employee may want to postpone retirement until after the end of the calendar year in order to qualify for a higher post-retirement coverage amount.
- C. Advise the employee to complete a *Life Insurance Application/Cancellation/Refusal* (ET-2304) to cancel coverage if the employee does not wish to continue coverage through the annuity.

1606 Coordinating Premium Payment with Annuity Deduction

- A. There is no required employer contribution for employees who continue coverage after retirement.
- B. ETF deducts premiums from the annuity. If the annuity is not large enough, MLIC will bill the annuitant directly. The annuitant's premium continues to age 65. The cost for each level of coverage will be the same as prior to retirement, and will be adjusted in the future based upon the annuitant's age and premium rate changes.
- C. If a local government employer wishes to pay all premiums for a retired employee up to age 65, billing can be arranged by MLIC. The employer must notify ETF's Benefit Appraisal Section in writing that it agrees to pay the entire premium until age 65. ETF will then certify the employer-paid coverage to MLIC using the *Group Life Insurance Certification of Coverage* (ET-4802). These retirees will appear as a separate billing unit on the employer's monthly billing.

NOTE: If a local government employer wishes to pay just a portion of the retiree's premium, it can simply reimburse the retiree up to the desired amount.

- D. If the employee meets the eligibility criteria to continue Group Life Insurance as explained in Subchapter 1603 and the employee's WRS annuity effective date is within 31 days after the date insurance coverage ends, no continuation application is required.

EXAMPLE: Employee terminates on June 8 and is eligible to continue life insurance coverage. Coverage would normally end on July 31, but it will be automatically continued by ETF if the employee takes a retirement annuity that begins on or before August 31.

- E. Coverage for Age 70 and Over Additional Insurance will end on the date the employee terminates employment. Premiums should be deducted only for coverage through the month of the employee's retirement. Excess premiums that may have been taken for coverage month(s) beyond the employee's month of retirement must be refunded.

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- F. Determine when the last premium payment is due and refund any over-payments. If the employee retires:
1. Before the 11th of the month and will begin a WRS annuity, a premium deduction should be taken for only the coverage month following termination.
 2. After the 10th of the month and will begin a WRS annuity, a deduction should be taken for the second coverage month following termination.
- G. Use the following table to determine whether premiums are to be deducted from the retiring employee's salary, to avoid a lapse in coverage.

Conditions of Employee Retirement		Deductions to be Made by Employer from Salary		Deductions to be Made by ETF from Annuity Checks	
Employee retires before age 65 on or before the tenth of the month and applies for an immediate annuity		Deduct monthly premiums from employee's salary through the month prior to retirement, for coverage one month beyond the month of termination.		Premiums for coverage beginning two months after the termination month will be deducted from employee's first annuity check.	
Example					
Retirement Date	Age at Retirement	Last Premium deducted from Salary in :	For coverage in:	First Annuity Deduction made in:	For coverage in:
12/10	64 yrs. 0 mos.	November	January	December	February

Conditions of Employee Retirement		Deductions to be Made by Employer from Salary		Deductions to be Made by ETF from Annuity Checks	
Employee retires before age 65 after the tenth of the month and applies for an immediate annuity.		Deduct monthly premiums from employee's salary in the month of termination, for coverage two months beyond the month of termination.		Premiums for coverage beginning three months after the termination month will be deducted from employee's first annuity check.	
Example					
Retirement Date	Age at Retirement	Last Premium deducted from Salary in :	For coverage in:	First Annuity Deduction made in	For coverage in
12/31	64 yrs. 0 mos.	December	February	January	March

Conditions of Employee Retirement		Deductions to be Made by Employer from Salary		Deductions to be Made by ETF from Annuity Checks	
Employee retires at age 65 or later.		Deduct monthly premiums from employee's salary for coverage during any portion of a month while the employee was still working. Do <u>not</u> deduct premiums for coverage for any month following termination.*		No premiums will be deducted from annuity checks after age 65, for <u>any</u> retiree.	
Example					
Retirement Date	Age at Retirement	Last Premium deducted from Salary in :	For coverage in:	First Annuity Deduction made in	For coverage in
12/10	65 yrs. 0 mos.	October	December	None	---

- * Supplemental and Additional coverage ceases at the end of the month of termination. Spouse and Dependent coverage will cease at the end of the month following the month of termination, therefore, although premiums cease for all employee coverage, premiums for Spouse and Dependent coverage should be deducted for coverage following the month of termination.

1607 ETF Certifies Group Life Insurance Coverage for Annuitants

Basic coverage for annuitants over age 65 will continue for life at a reduced amount with no premiums due. When the employee applies for an annuity, ETF will prepare a *Group Life Insurance Certification of Coverage* (ET-4802). A sample of this form is in Subchapter 1608. The employer representative, the retiree, and MLIC will each be sent a copy. If any of the information certified by ETF (e.g., premium paid through, coverage amount and type, and termination date) disagrees with the employer's records, the employer representative should contact ETF to determine if a correction will be made.

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1608 Group Life Insurance Certification of Coverage (ET-4802)

Department of Employee Trust Funds
P.O. Box 7931
Madison, WI 53707-7931

**GROUP LIFE INSURANCE
CERTIFICATION OF COVERAGE**

Wis. Stat. § 40.72

Name (Last, First)	Birthdate (MM/DD/CCYY)	Social Security Number
Employer Name	Employer No. 69-036-	Termination Date (MM/DD/CCYY)

You qualify to continue your Wisconsin Public Employers Group Life Insurance.

- ☐ Since you are 65 years old or older, no further premiums are due and the policy remains in force for your lifetime. Any Supplemental, Additional, and/or Accidental Death & Dismemberment coverage(s) will end when you terminate covered employment, or on your 70th birthday, whichever is earlier. Your Spouse and Dependent coverage, if any, will end at the end of the month following the month in which you terminate covered employment (or on your 70th birthday, if earlier).
- ☐ Premiums will be deducted from your retirement annuity until you are age 65, at which time no further premiums are due and the policy remains in force for your lifetime. Any Supplemental, Additional, and/or Accidental Death & Dismemberment coverage(s) will end at age 65. Your Spouse and Dependent coverage, if any, will end at the end of the month following the month in which you terminate covered employment (or on your 70th birthday, if earlier).

Monthly Premium	Premiums Deducted By Your Employer		Deductions Will Begin From Your Annuity		Last Premium Will Be Deducted (MM/CCYY)
	Mo. Deducted	Coverage For	Mo. Deducted	Coverage For	
\$		*			
\$					

AMOUNT OF INSURANCE IN FORCE

AGE	PERCENT OF INSURANCE COVERAGE TO BE CONTINUED	AMOUNT OF COVERAGE				
		BASIC	SUPPLEMENTAL/ADDITIONAL – UNIT 1, 2, 3 (If Applicable)			
			SUPP.	ADD-1	ADD-2	ADD-3
Prior to Age 65	100%**	\$	\$	\$	\$	\$
While Age 65	75%	\$				
While Age 66	50%***	\$				
Age 67 & After	25%	\$				

* If you have had deductions for coverage beyond this month, contact your employer for a refund.

** Your coverage remains at 100% while under WRS employment, until your retirement date (or age 70, if earlier). After termination, your coverage remains at 100% until age 65.

*** The minimum 50% amount remains in force on and after the 66th birthday for the following two groups only:

- All state employees; and
- Employees of those public employers who by resolution have elected 50% option.

Date (MM/DD/CCYY):	Prepared By:	Telephone Number: (608) 26
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NOTE TO EMPLOYER/EMPLOYEE: If the coverage base or premiums reported above are not correct, you must advise this office.

ET-4802 (REV 3/99)

1609 Completing the Continuation Application

NOTE: Employees who will begin a WRS annuity within 31 days of the date coverage ends should not file this form. ETF will automatically arrange for continuation.

If a terminating employee qualifies (or may qualify) to continue group life insurance, give the employee the *Continuation Application* (ET-2154). This form includes a work sheet that permits the employee to determine whether he or she is eligible for continuation.

- A. Employer completes Parts A, B and C of the application as noted below and keeps the employer ply.
 - 1. Employee name, Social Security number, sex, and date of birth.
 - 2. Date employment began with this employer. (This is the employment hire date not the WRS enrollment date.)
 - 3. Date employment terminated with this employer. (This is the WRS termination date.)
 - 4. Last coverage month for which premiums were paid.
 - 5. Previous calendar year WRS earnings.
 - 6. Amount of employee's coverage under Basic, Supplemental and/or Additional Plans. Complete as of the date of termination. (Coverage amounts may increase on January 1 based on the employee's previous year of earnings, provided the employee is still on payroll on January 1.)
 - 7. Monthly employee premium for each coverage. Do not include the required employer contribution.
 - 8. Total annual premium for all coverages.
- B. Employee completes the Employee Section, returns the top two plies to ETF and keeps the employee copy.
- C. The application will be processed by ETF and the employee will be billed for the coverage by MLIC.

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1610 Continuation Application (ET-2154)

DEPARTMENT OF EMPLOYEE TRUST FUNDS

P.O. Box 7931
Madison, WI 53707-7931

CONTINUATION APPLICATION

Group Life Insurance
Section 40.72 (4), Wis. Stats.

EMPLOYER: Complete the information in Parts A, B, and C below. Keep the employer copy for your records, then give the entire form, including the cover sheet, to the employee.

A. EMPLOYEE NAME (Last, first middle, maiden/former)			Social Security Number	
Date Employment Began With This Employer (MM/DD/CCYY)	Date Employment Terminated With This Employer (MM/DD/CCYY)	Birthdate (MM/DD/CCYY)		SEX <input type="checkbox"/> M <input type="checkbox"/> F
Last Coverage Month For Which Premiums Were Paid: <small>(Premiums are for the month of termination and the following month. Refund any premiums paid for later months.)</small>			Previous Calendar Year WRS Earnings \$ _____ Year	

B. CURRENT COVERAGE AMOUNT AND ANNUAL PREMIUM

PLAN		MONTHLY PREMIUM	CURRENT ANNUAL PREMIUM	
BASIC	\$ _____	\$ _____	X 12 =	\$ _____
SUPPLEMENTAL	\$ _____	\$ _____	X 12 =	\$ _____
ADDITIONAL	\$ _____	\$ _____	X 12 =	\$ _____
TOTAL COVERAGE	\$ _____		TOTAL PREMIUM	\$ _____

C. I understand that Wis. Stat. § 943.395 provides criminal penalties for knowingly making false or fraudulent claims on this form and hereby certify that to the best of my knowledge and belief, the information is true and correct.

Date Prepared (MM/DD/CCYY)	Employer Agent Signature		
Prepared By	Telephone Number (_____)	ETF Employer Number 69-036-	
Employer Name/ WI Department of		Local Employer Billing Unit No.	

EMPLOYEE: Complete the information below, sign and date the form, and return it to the Department of Employee Trust Funds within 31 days after the date your insurance coverage ends. Make a photocopy for your records.

- Check any of the statement(s) that apply to you:
☐ I was covered under the Wisconsin Retirement System (WRS) before 1990.
☐ I was covered under the group life insurance plan for a part of at least 5 calendar years.
If you checked either statement, go to question 2. If neither statement applied to you, you do not qualify to continue the insurance.
- Check any of the statement(s) that apply to you:
☐ I am receiving an immediate WRS annuity, or I meet all the requirements for receiving an immediate WRS annuity except filing the application.
☐ The sum of my creditable years of WRS service before January 1, 1990 plus the number of years I have participated in the life insurance plan beginning on January 1, 1990 equals 20 years.
☐ The number of years I have been employed with my last employer is 20 years or more.
If you did not check any of the above, you do not qualify to continue life insurance. If you checked at least one of the above, you qualify to continue the life insurance. If you qualify, please answer questions 3 and 4 below.
- I want to continue all of my current coverage listed above in Section B. ☐ Yes ☐ No*
*If you answered "No", please complete and attach an *Application Cancellation/Refusal* form (ET-2304) indicating which coverage you wish to cancel.
- I prefer to be billed: ☐ Annually ☐ Semiannually
Premiums are due until age 65. They are based on the current rates in effect for your age group.
- Certification/signature: I have read the entire "Continuation Application" and I understand it. I wish to continue my group life insurance coverage. I understand that if I fail to pay premiums in the future, my insurance coverage will lapse on the last day for which premiums were paid and will not be reinstated unless premiums are paid within 30 days. I understand that Wis. Stat. § 943.395 provides criminal penalties for knowingly making false or fraudulent claims on this form and hereby certify that to the best of my knowledge and belief, the information is true and correct.

Date (MM/DD/CCYY)	Employee Signature	Telephone Number (8 a.m. - 4 p.m.)
Address	Street	City State Zip

1611 Conversion to Individual Policy

If coverage terminates under the first two conditions as described in Subchapter 1600, the employee may apply for an individual life insurance policy during the 31-day period following termination of coverage, provided insurance has been in force during the entire six months preceding termination (Wis. Stats. § 40.70 (9)). An insured spouse or dependent child may also convert his or her amount of coverage under the Spouse and Dependent Plan to an individual policy. Medical examination or evidence of insurability is not required, but the following conditions apply.

A. Written Application

Written application must be made and the first premium paid within 31 days after termination of coverage. The policy will be issued at the end of the 31-day period. The premium rate is dependent upon the:

- type(s) of coverage
- amount(s) of coverage
- insured's age (based on the nearest birthday)
- insured's risk class

The application form and rate tables are included in the *Information/Application for Converting Group Life Insurance* brochure (ET-2306). The employee may download the form from ETF's Internet site at etf.wi.gov. This form may also be requested directly from MLIC by calling (608) 277-8690. Questions concerning conversion may be directed to:

Minnesota Life Insurance Company
P.O. Box 259708
Madison, WI 53725-9708

If coverage has lapsed for over 30 days without premium payment and the employee does not resume active employment, the employee may not convert the insurance to an individual policy.

B. Type of Individual Life Insurance

The individual life insurance policy may be any type customarily issued by MLIC, except term life insurance. Currently, the conversion policy is a whole-life policy that builds cash value. It does not provide for waiver of premiums or accidental death benefits.

C. Amount of Insurance

The employee chooses an insurance amount, equal to or less than the amount of insurance in effect immediately prior to termination.

D. Deaths during the Conversion Period

If the insured's death occurs in the 31-day conversion period the full amount of group life insurance will be paid, whether or not the insured had applied for conversion or paid the first premium for the individual policy.

1612 Quick Reference on Termination Dates and Premiums

EVENT	Occurrence Date	Last Premium Due For Coverage Month Of:	Coverage Ends	Continuation or Conversion Application Due	Last Spouse & Dependent Premium Due For	Spouse & Dependent Coverage Ends	Spouse & Dependent Conversion Application Due
Termination of Employment Under age 65 and no immediate annuity	June 10	July	July 31	Aug 31	July	July 31	Aug 31
Retirement Under age 65 (Continuing Annuitant Coverage)*	June 1-10	July	N/A*	N/A*	July	July 31	Aug 31
	June 11-30	August	N/A*	N/A*	July	July 31	Aug 31
Age 65 – 69	June 10	June	June 30	N/A	July	July 31	Aug 31
Age 70 and older with Age 70 and Over Additional Coverage	June 10	June	June 10	N/A	N/A	N/A	N/A
Active Employee Turns Age 70**	June 10	May	June 10	June 9 (for Age 70 and Over coverage only)	May	June 10	July 11
Appealing a Dismissal	June 10	July	July 31	Coverage may continue after an involuntary discharge if the discharge is appealed within 30 days after it occurs. Employee pays both the employee and employer share during the appeal.			
Leave of Absence/Layoff	June 10	July	July 31	Coverage may continue for up to 36 months. The employee must make payments in advance (through the employer) for a period of at least three months.			
Death	June 10	June	N/A	N/A	June	Sept. 8	Sept. 8
Cancellation (date employer receives form)	June 10	July	July 31	N/A	July	July 31	N/A
	Before coverage is effective	No premium due	N/A	N/A	N/A	N/A	N/A

EVENT	Occurrence Date	Last Premium Due For Coverage Month Of:	Coverage Ends	Continuation or Conversion Application Due	Last Spouse & Dependent Premium Due For	Spouse & Dependent Coverage Ends	Spouse & Dependent Conversion Application Due
Disability Waiver of Premiums Approval Date	June 10 (last day paid)	June	N/A	N/A	June	N/A	N/A

* Coverage does not end, and no application is required for continuation of coverage if the employee qualifies for continuation and will begin a WRS annuity by the date the continuation application would otherwise be due. ETF automatically arranges for continuation of premium deductions. A cancellation form must be filed if the annuitant wishes to discontinue any or all coverage.

** All Supplemental, Additional and Spouse and Dependent coverage ends on the date an active employee turns age 70. Basic coverage remains at the final reduced amount. Employee may apply for Age 70 and Over Additional coverage within 30 days prior to attaining age 70. The employee's spouse and/or dependent may convert.